



Unitil Service Corp.

September 27, 2000

Mary L. Cottrell, Secretary  
Department of Telecommunications and Energy  
One South Station  
Boston MA 02110

Re: Fitchburg Gas and Electric Light Co., D.T.E. 00-66

Dear Ms. Cottrell:

Enclosed please find Fitchburg Gas and Electric Light Company's Responses to the Department's First Set of Information Requests in the above listed docket.

Thank you for your assistance with this matter.

Very truly yours,

A handwritten signature in blue ink that reads "Douglas Debski".

Douglas Debski  
Project Leader, Regulatory Design

Enclosure

cc: Caroline M. O'Brien, Hearing Officer, MDTE (3 copies)  
Bahar Celikkol, Electric Power Division, MDTE (2 copies)  
Jeff Hall, Rates and Revenue Division, MDTE (2 copies)  
George B. Dean, Assistant Attorney General (2 copies)  
Robert Sydney, Division of Energy Resources (2 copies)  
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Commonwealth of Massachusetts  
Department of Telecommunications and Energy  
Fitchburg Gas and Electric Light Company  
Docket No.: DTE 00-66  
Responses to the Department's First Set of Information Requests

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**Request No.: DTE 1-1**

Please provide the bases for the Company's projections that fuel trigger point will be exceeded through each of the remaining months of 2000. Please provide all materials and work papers showing how these projections of oil and gas prices have been calculated. Please explain what are the implications of the projected oil and gas prices for the Company's fuel adjustment plans.

**Response:**

The Company projects that the fuel trigger point will be exceeded in each of the remaining months of 2000, because the Standard Offer Service Tariff, M.D.T.E. No. 44 fuel adjustment formula in section 9 uses a rolling twelve month average of the fuel indices for No. 6 (1% sulfur) fuel oil and natural gas. These indices are currently at levels much higher than they were 12 months ago, and higher than they were last December as well. Each month, as the 12 month calculation established by the tariff is updated, a lower figure from a year ago is replaced with a higher amount from this year. Therefore, the 12 month average increases.

Using the most recently available month's (August 2000 for oil, September 2000 for gas) indices as a proxy for the remaining months in 2000 would therefore produce an increasing fuel adjustment amount for each of the remaining months in 2000. The Company has employed this estimate of the fuel adjustment for the remainder of 2000. Please see attachment DTE-1-1.

Please note that this attachment includes corrections made to the historical data from that which was provided in the Company's August 1 Fuel Adjustment filing. The revised fuel adjustment figures are provided in the bottom section of attachment DTE 1-1.

As required by its restructuring process, the Company competitively bid its Standard Offer Service, and the resulting contract that was approved by the Department contained a provision for the fuel trigger. In the face of the anticipated increases, the Company can only continue to monitor and track the fuel adjustment as amounts due Constellation Power Source, Inc. The Company is unable to control or influence these fuel price elements in the Standard Offer Service. Therefore, the Company seeks to recover by surcharge all such amounts attributable with the fuel trigger having been exceeded, as set forth in M.D.T.E. No. 44.

**Person Responsible:** Karen M. Asbury

**Fitchburg Gas and Electric Light Company****Calculation of Standard Offer Service Fuel Adjustment  
Forecast of Fuel Indexes through December 2000**

<u>Market Gas Price Index (\$/MMBtu)</u>				<u>Market Oil Price Index (\$/MMBtu)</u>			
actual	May-99	\$2.3260		actual	May-99	\$2.1750	
actual	Jun-99	\$2.2007		actual	Jun-99	\$2.2991	
actual	Jul-99	\$2.2717		actual	Jul-99	\$2.5813	
actual	Aug-99	\$2.5723		actual	Aug-99	\$2.9351	
actual	Sep-99	\$2.9633		actual	Sep-99	\$3.0729	
actual	Oct-99	\$2.6073		actual	Oct-99	\$3.0658	
actual	Nov-99	\$3.0397		actual	Nov-99	\$3.0828	
actual	Dec-99	\$2.1687		actual	Dec-99	\$3.0317	
actual	Jan-00	\$2.3380		actual	Jan-00	\$3.4302	
actual	Feb-00	\$2.5830	12 Month	actual	Feb-00	\$3.6127	12 Month
actual	Mar-00	\$2.5607	average	actual	Mar-00	\$3.3230	average
actual	Apr-00	\$2.9257	\$2.55	actual	Apr-00	\$3.3167	\$2.99
actual	May-00	\$3.1120	\$2.61	actual	May-00	\$3.8817	\$3.14
actual	Jun-00	\$4.2383	\$2.78	actual	Jun-00	\$4.2781	\$3.30
actual	Jul-00	\$4.5383	\$2.97	actual	Jul-00	\$3.8841	\$3.41
actual	Aug-00	\$3.7477	\$3.07	actual	Aug-00	\$3.8668	\$3.49
actual	Sep-00	\$4.6443	\$3.21	forecasted	Sep-00	\$3.8668	\$3.55
forecasted	Oct-00	\$4.6443	\$3.38	forecasted	Oct-00	\$3.8668	\$3.62
forecasted	Nov-00	\$4.6443	\$3.51	forecasted	Nov-00	\$3.8668	\$3.69
forecasted	Dec-00	\$4.6443	\$3.72	forecasted	Dec-00	\$3.8668	\$3.76

Year 2000 Fuel Trigger Point                      \$5.35 /MMBtu

		Fuel	Adjusted SOS
		<u>Adjustment</u>	<u>Rate</u>
Fuel Adjustment*	April	<b>1.0318</b>	\$0.03921
	May	<b>1.0664</b>	\$0.04052
	June	<b>1.1223</b>	\$0.04265
	July	<b>1.1720</b>	\$0.04454
	Aug	<b>1.2013</b>	\$0.04565
	Sept	<b>1.2357</b>	\$0.04696
	Oct	<b>1.2752</b>	\$0.04846
	Nov	<b>1.3084</b>	\$0.04972
	Dec	<b>1.3545</b>	\$0.05147

\* Fuel Adjustment =  $(\text{Market Gas Price} + \$0.60/\text{MMBtu}) + (\text{Market Oil Price} + \$0.04/\text{MMBtu})$

$(\text{Fuel Trigger Point} + \$0.60 + \$0.04) / \text{MMBtu}$

but shall be no less than 1.0

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**Request No.: DTE 1-2**

Please provide a calculation showing the level of deferrals that the Company would incur absent a fuel adjustment. Please include, in a table format, current deferral balance, standard service revenue, standard service adjustments, standard offer service expense, balance subject to interest, interest rate for deferrals, interest amounts, cumulative interest, and last the last twelve months of monthly consumption for standard offer and default service.

**Response:**

Absent a surcharge on its Standard Offer rate that reflects the fuel trigger having been exceeded, the Company's deferrals for the fuel adjustment would be \$2.6M through December 2000. The Company has made this calculation as shown in Attachment DTE-1-2, page 1 of 2. The requested information is contained in Attachment DTE-1-2.

Current deferral balance - line 16

Standard service revenue - line 5

Standard service adjustments - line 5

Standard offer service expense - line 3

Balance subject to interest - line 12

Interest rate for deferrals - line 13

Interest amounts - line 15

Cumulative interest - line 15, last column

The last twelve months of monthly consumption for standard offer and default service - lines 1 and 17 respectively

This data, except for the monthly kWh sales amounts, is summarized in a table format on Attachment DTE-1-2, page 2.

The Company projects the following (over)/under recoveries for December 2000 for its other reconciling charges:

Internal Transmission:	(\$ 6k)
External Transmission:	\$ 69k
Transition Charge:	\$ 6.5M
Standard Offer Service	\$ 9.1M
Default Service:	\$ 18k
 Total:	 \$ 15.7M

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**Request No.: DTE 1-2 (continued)**

The total projected under-recovery of \$15.7M, exclusive of any fuel adjustment balances, represents 33% of the Company's 1999 annual retail electric revenues.

**Person Responsible:** Karen M. Asbury

Fitchburg Gas and Electric Light Company  
Standard Offer Service Fuel Adjustment Calculation\*

**SOSFA COSTS**

- 1 SOSFA kWh
- 2 SOSFA Calculated Rate Adjustment
- 3 Total SOSFA Costs

**SOSFA Revenues Received**

- 4 SOSFA Billing Rate
- 5 Total SOSFA Revenues Received

**BALANCE:**

- 6 SOSFA costs
- 7 SOSFA Revenues
- 8 (over/under) Balance - Month

**CUMULATIVE (OVER/UNDER) BALANCE**

- 9 (Over/under) Balance - Beginning of Month
- 10 (Over/under) Balance - Current Month
- 11 Cumulative (over/under) Balance Before Interest

**CALCULATION OF INTEREST**

- 12 Average Monthly Balance
- 13 Interest Rate
- 14 Number of Days / Month
- 15 Computed Interest

**BALANCE - E.O.M.**

- 16 Ending Balance

- 17 Default Service kWh

\*Assumes absence of Fuel Adjustment recovery

Sep-99	Oct-99	Nov-99	Dec-99	Jan-00	Feb-00	Mar-00	Apr-00	May-00	Jun-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	12 month
Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimated	Estimated	Estimated	Estimated	Total
39,378,639	34,053,099	34,842,463	40,088,510	38,736,951	39,767,094	38,315,028	33,940,622	34,228,552	37,956,608	34,962,375	38,080,194	30,457,926	38,021,360	36,377,527	40,663,667	450,504,904
\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00121	\$0.00252	\$0.00465	\$0.00654	\$0.00765	\$0.00896	\$0.01046	\$0.01172	\$0.01347	
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,068	\$86,256	\$176,498	\$228,654	\$291,313	\$353,543	\$397,703	\$426,345	\$547,740	\$7,549,120
\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$86,256	\$176,498	\$228,654	\$291,313	\$353,543	\$397,703	\$426,345	\$547,740	\$2,549,120
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,068	\$86,256	\$176,498	\$228,654	\$291,313	\$353,543	\$397,703	\$426,345	\$547,740	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,215	\$128,096	\$306,146	\$538,184	\$835,000	\$1,196,421	\$1,605,352	\$2,045,857	\$2,045,857
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,068	\$86,256	\$176,498	\$228,654	\$291,313	\$353,543	\$397,703	\$426,345	\$547,740	\$547,740
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,068	\$127,471	\$304,695	\$634,800	\$826,497	\$1,188,543	\$1,594,125	\$2,031,696	\$2,593,596	\$2,593,596
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,534	\$84,343	\$216,346	\$420,473	\$683,840	\$1,011,771	\$1,395,273	\$1,818,524	\$2,319,727	\$2,319,727
7.75%	8.25%	8.25%	8.25%	8.50%	8.50%	8.50%	8.75%	8.75%	8.75%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
30	31	30	31	31	29	31	30	31	30	31	31	30	31	30	31	31
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$147	\$625	\$1,562	\$3,383	\$5,502	\$7,879	\$11,227	\$14,161	\$18,666	\$63,142
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$41,215	\$128,096	\$306,146	\$538,184	\$835,000	\$1,196,421	\$1,605,352	\$2,045,857	\$2,612,262	\$2,612,262
1,950,037	1,694,936	1,862,769	2,244,624	2,567,772	2,800,177	2,766,243	2,428,370	2,357,272	2,451,681	2,688,352	2,730,427	2,192,410	2,028,737	1,997,124	2,372,305	29,380,869

Fitchburg Gas and Electric Light Company  
Standard Offer Service Fuel Adjustment Calculation  
Current and Projected Balances\*

	Actual through <u>Aug 2000</u>	Projected through <u>December 2000</u>
Current deferral balance	\$ 835,000	\$ 2,612,262
Standard service revenue	\$ -	\$ -
Standard service adjustments	\$ -	\$ -
Standard offer service expense	\$ 823,789	\$ 2,549,120
Balance subject to interest	\$ 683,840	\$ 2,319,727
Interest rate for deferrals	9.50%	9.50%
Interest amounts - current month only	\$ 5,502	\$ 18,666
Cumulative interest	\$ 11,209	\$ 63,142

\*Assumes absence of Fuel Adjustment recovery